

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7128
BILL NUMBER: SB 377

NOTE PREPARED: Jan 27, 2014
BILL AMENDED: Jan 27, 2014

SUBJECT: Various Business Entity Matters.

FIRST AUTHOR: Sen. Glick
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill makes various changes to Business and Other Associations law concerning the following:

- (1) Information required to be filed with the Secretary of State's office.
- (2) Information required to be sent to registered agents.
- (3) Responsibilities of registered agents.
- (4) An exception to the notice requirements concerning administrative revocations of certificates of authorities and dissolutions.
- (5) Procedures concerning reinstatement and denial of reinstatement.
- (6) Stated powers of corporations, nonprofit corporations, and limited liability companies.
- (7) Issuance of interrogatories by the Secretary of State and investigative claims.
- (8) Filing false documents with the Secretary of State.
- (9) Use of assumed business names.
- (10) Domestication of nonprofit corporations.
- (11) The officers and the powers and duties of officers of a limited liability company.

The bill removes provisions concerning the following: (1) Delivery by telecopy and facsimile. (2) Requiring creation of copies of certain documents.

It also repeals a provision concerning having a corporation as a resident agent.

Effective Date: July 1, 2014.

Explanation of State Expenditures: (Revised) *Secretary of State (SOS)*: The following provisions will

likely assist the SOS in its enforcement responsibilities.

- Requiring an entity to provide specific information regarding its registered agent.
- Requiring an entity to provide a registered agent with certain information.
- Failure to timely and adequately respond to an interrogatory could result in a reversal of fictitious filings or administrative dissolution or revocation.

While those provisions may lead to additional enforcement actions, they should also aid the SOS in resolving those cases. In addition, removing the requirement that paper copies be made of the documents received electronically should reduce the SOS's administrative costs. The SOS's current level of staff and resources should be sufficient to implement this bill.

Explanation of State Revenues: *Filing False Documents:* The bill explicitly states that filing false documents is a Class A misdemeanor under the partnership and limited partnership chapters. Filing false documents is already a Class A misdemeanor under the other provisions within this title.

Penalty Provision: If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000. However, any additional revenue would likely be small.

Explanation of Local Expenditures: *Penalty Provision:* A Class A misdemeanor is punishable by up to one year in jail.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: Secretary of State.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

Fiscal Analyst: Heath Holloway, 232-9867.